

NHS Greater Glasgow and Clyde	Paper No. 24/147
Meeting:	NHSGGC Board
Meeting Date:	17th December 2024
Title:	Finance Report
Sponsoring Director:	Colin Neil, Director of Finance
Report Author:	Fiona McEwan, Assistant Director of Finance-Financial Planning & Performance

1. Purpose

The purpose of this report is to: The purpose of this report is to provide the Board with the monthly finance position as at 31st October 2024, including the position of the Sustainability and Value and Capital Programme for 2024/25

The format of the report covers;

- i) The Month 7 Revenue position (pages 3-4)
- ii) The Month 7 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 7 Capital position (pages 9-12)
- iv) 2024/25 year end position (pages 13-14)
- v) Conclusion (pages 15-16)

2. Executive Summary

The paper can be summarised as follows:

Month 7 Position 2024/25

At the 31st October 2024 NHSGGC's financial ledger highlights an overspend of £40.01m of which £21.52m is attributed to unachieved savings and a pay and non-pay overspend of £18.49m. Acute is overspent by £22.22m and Corporate areas are underspent by £2.05m for pay and non-pay. Partnerships has a pay and non-pay underspend of £1.67m.

An improvement in the run rate can be seen again in Month 7 when compared to last month, particularly around the nursing pays position.

Sustainability and Value

In terms of Sustainability and Value, £36.6m has been achieved on a full year recurring basis. On an in-year basis (recurring and non-recurring) £169.9m has been achieved. As at month 7 there are forecast pipeline savings of £177.7m against the £226.9m challenge, with £55.6m identified on a recurring basis against the £128.6m target. The pace of both delivery and identification of savings will have to increase rapidly over the final quarter to allow targets to be achieved.

Capital Expenditure

Total capital expenditure incurred to 31st October 2024 is £19.4m, this amounts to 32% of the capital budget (of £61.2m) leaving a balance of £41.8m to be incurred to the 31st of March 2025. At month 7, £46.5m (76%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £0.4m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

2024/25 Year End Position

The overall financial challenge for the Board in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The Financial Plan requires recurring savings of £128.6m and non-recurring savings relief of £50.0m to derive the deficit outlined in the approved finance plan of £48.3m.

The forecast has been reviewed and based on the month 7 position the forecast deficit has been reduced to **£43m** from the original finance plan of £48.3m. This is mainly attributable to an improvement in the run rate, receipt of a historical VAT reclaim and additional funding received associated with Service Level Agreements. Work continues to review all opportunities to improve the year-end forecast position and take the next step to reduce the deficit to within 1% of the baseline allocation.

The majority of the Sectors and directorates remain to identify the initial 50% of their savings target as it stands at Month 7, and this is providing a significant financial challenge. It is important that there is an improvement in the value of savings plans over the coming months and that SRO's progress the overarching workstreams and that the agreed CMT actions from September 2024 are delivered.

Collective focus is required to reduce this deficit and achieve the savings required, with continued emphasis on reducing pressures and costs in order to improve the overall position.

3. Recommendations

The Finance, Planning and Performance Committee is asked to consider the following recommendations:

- i) Note the revenue position at month 7
- ii) Note the Month 7 position re additional information
- iii) Note the Month 7 position for Sustainability and Value and progress for 24/25

- iv) Note the capital position at Month 7; and
- v) Note the 2024/25 position.

4. Response Required

This paper is presented for assurance.

5. Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- | | |
|------------------------|-----------------|
| • Better Health | Positive impact |
| • Better Care | Positive impact |
| • Better Value | Positive impact |
| • Better Workplace | Positive impact |
| • Equality & Diversity | Positive impact |
| • Environment | Positive impact |

6. Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity:

This report has been previously presented and scrutinised by the Corporate Management Team and the Finance, Planning and Performance Committee.

7. Governance Route

This paper has been previously considered by the following groups as part of its development: As above.

8. Date Prepared & Issued

Prepared: 5th December 2024

Issued: 10th December 2024

NHSGGC - Month 7 Finance Report

Board Meeting

December 2024



Purpose and Format

The purpose of this report is to provide the Board with the monthly finance position, including the position of the Sustainability and Value and Capital Programmes for 2024/25

The format of the report covers;

- i) The Month 7 Revenue position (pages 3-4)
- ii) The Month 7 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 7 Capital position (pages 9-12)
- iv) 2024/25 year end position (pages 13-14)
- v) Conclusion (pages 15-16)

Members are asked to ;

- i) Note the Month 7 revenue position
- ii) Note the Month 7 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 7; and
- iv) Note the 2024/25 position.

Month 7 Revenue Position

Month 7 - Overall Position

Financial Performance – Month 7

This section of the report provides analysis of the financial position as at 31st October 2024.

Area	Annual Budget	Pays, Non Pays Position	Unachieved Savings	Final Reported Position	% of Annual Budget
	£m	£m	£m	£m	%
Acute	1,970.77	(22.22)	(29.17)	(51.39)	(2.6%)
Partnerships	1,640.61	1.67	(1.67)	0.00	0.0%
Corporate Departments	704.89	2.05	9.33	11.38	1.6%
Financial Position at 31st Oct 2024	4,316.27	(18.49)	(21.52)	(40.01)	(0.9%)

As outlined above, the Board recorded a deficit of £40.01m at 31st October 2024. (Month 6 reported a deficit of £43.18m this was against an annual budget of c£4.3 billion).

The deficit is made up of the following:-

- Pay and non-pay overspend of £18.49m. Acute is overspent by £22.22m and Corporate areas are underspent by £2.05m. Partnerships has a pay and non-pay underspend of £1.67m
- Unachieved savings at month 7 amount to £21.52m.

There is a further improvement in the run rate for month 7 in comparison to the prior month particularly in relation to nursing spend.

Sustainability and Value

Sustainability and Value Programme

Month 7 Position



The position as of Month 7, against the overall financial challenge of £226.9m, is that £169.9m / 75% has been achieved on an in-year (recurring and non-recurring) basis. On a recurring basis £36.6m /28.5% has been achieved against the £128.6m savings target. This shows growth of £11.3m on an in-year basis and £1.3m on a recurring basis compared to Month 6.

The table below shows the areas of savings achieved as of Month 7.

Area	CYE Target £m	CYE £m	CYE % achieved %	CYE Gap £m	FYE Target £m	FYE £m	FYE % achieved %	FYE Gap £m
Acute	69.2	13.6	20%	(55.7)	69.2	5.5	8%	(63.8)
Corporate	25.3	16.3	65%	(8.9)	25.3	7.9	31%	(17.4)
	94.5	29.9	32%	(64.6)	94.5	13.4	14%	(81.2)
Financial Plan	132.4	139.9	106%	7.5	34.1	23.2	68%	(10.8)
Total	226.9	169.9	75%	(57.1)	128.6	36.6	28.5%	(92.0)

The largest amount of savings achieved can be seen from the Financial plan and this is predominantly due to non-recurring underspends, relief and carry forward of the consequential income from 2023/24. Of the above figures the sectors and directorates have delivered £13.4m on a FYE and £29.9m on a CYE.

Sustainability and Value Programme

2024/25 Forecast Position

Table 2 below shows the value of all known projects on the ledger. To date we have initial plans for £177.7m / 78% on an in-year basis (Recurring and non-recurring), of which £2.5m is high risk, against the overall financial challenge of £226.9m. £55.6m/43% has been identified on a recurring basis against the £128.6m target, of which £7.8m is high risk.

This is based on full delivery of the current pipeline of projects and illustrates the need for further growth in our plans.

Month 7 Forecast

Area	CYE Target £m	CYE £m	CYE Gap £m	FYE Target £m	FYE £m	FYE Gap £m
Acute	69.2	19.1	(50.1)	69.2	20.3	(49.0)
Corporate	25.3	18.6	(6.6)	25.3	12.1	(13.2)
	94.5	37.8	(56.7)	94.5	32.4	(62.1)
Financial Plan	132.4	139.9	7.5	34.1	23.2	(10.8)
Total	226.9	177.7	(49.2)	128.6	55.6	(73.0)
% achieved		78%			43%	

The SRO led work streams, which include areas such as physical infrastructure, workforce, non pay, digital, service reviews and efficiency and productivity, have identified further savings opportunities of £8.5m CYE and £27.3m FYE. It is imperative that these work streams deliver further savings to ensure our forecast position is expanded. This has been escalated to all SRO's and remains an area of focus. Given the remaining timeline of the financial year, there is a high risk that not all for the schemes will deliver in the current year, however it remains important that delivery is achieved and any phasing required is also reflected into 2025/26 plans.

Sustainability and Value Programme

S&V Summary

The rate of achieved savings, as well as the expansion of the wider savings pipeline, needs to improve significantly. Our current savings plan does not yet provide a clear path to a balanced financial position.

The requirement for the SRO workstreams to convert the planned savings into confirmed projects that are delivering savings remains an urgent requirement. The CMT approved actions are now underway and should aid our development of further savings schemes and mitigation of pressures.

Capital Position



Capital Position

Capital Expenditure - Month 7 - October 2024

• Total Gross Capital Expenditure to date	: £19.4m (32% of plan)
• Annual Capital Budget at 31/10/24	: £61.2m
• Balance of Budgeted Cap. Ex. to be incurred	: £41.8m
• Total Expenditure Committed	: £46.5m (76%)
• Uncommitted Budget	: £14.7m (24%)

* Committed [Expenditure incurred + Orders placed]

Total gross capital expenditure incurred to 31st October 2024 is £19.4m amounting to 32% of the annual plan (of £61.2m). This leaves a balance of £41.8m of expenditure to be incurred by 31st March 2025.

£46.5m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £14.7m albeit formal plans are in place for the majority of this funding as schemes have been identified.

Only £0.4m of budget is unallocated against schemes and available for allocation at this stage of the financial year.

The total capital budget has increase from £58.6m in month 6 to £61.2m in month 7 mainly due to and additional £2.1m for QEUH rectification works.

Capital Position

Capital Expenditure – to 31st October : £19.4m

Main areas of Expenditure as below:

- £3.8m : New build : Glasgow North East Health & Social Care Centre.
- £2.0m : New build : Bishopton Health Centre

- £5.6m of expenditure has been incurred on hospital site based schemes as below.

- QEUH : Phase 3 : Waste hold doors replacement programme
- QEUH : Completion of Children's Roof Terrace
- QEUH : Rectifications: Atrium & Other works
- GRI : Completion of Theatre C upgrade
- Gartnavel : Radionuclide Dispensary relocation

- £0.5m : eHealth
- £2.1m : Medical Equipment
- £0.4m : PCIP Works to Glasgow Health Centres
- £1.3m : Minor Works & Energy Schemes
- £3.2m : Radiotherapy Equipment Replacement Programme
- £0.1m : Ligature risk reduction works
- £0.1m : Clyde TSSU Air Handling Units
- £0.3m : Other

Capital Position



Proposed Capital Disposals

Forecast Sales : (NBV provides Capital Funding)

Asset	Est Year	Est Receipt	NBV
Well progressed			
Dykebar Land	2024/25	£13.6m	£0.71m
Early stages			
Netherton Clinic	2024/25	£tbc	£0.32m
Future Years			
Lennox Castle Land Phase 2		£ 2.00m	£0.35m
Cathcart Centre Greenock		£ 0.25m	£0.25m
Dumbarton Cottage Hospital		£ 0.03m	£0.03m
Lennox Castle Phases 3 & 4		Not available	£1.55m
Stoneyetts Phase 2		Not available	£ -
Yorkhill : Queen Mother's Hospital		Not available	£0.23m
Yorkhill : RHC		Not available	£2.58m

*NBV net of Revaluation Reserve

2024/25 Position

2024/25 Position

The 3 year financial plan was approved by the Board on the 30th of April 2024. The financial plan highlights a deficit of £48.3m for 2024/25 and a deficit of £37.9m and £7.2m for the subsequent years.

The overall financial challenge for NHSGGC in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The assumption was that recurring savings of £128.6m will be achieved in 2024/25 and there will be non-recurring relief of £50.0m available which would result in the deficit of £48.3m.

The forecast has been reviewed and based on the month 7 position the forecast deficit has been reduced to **£43m** from £48.3m. This is mainly attributable to an improvement in the run rate, receipt of a historical VAT reclaim and additional funding received for Service Level Agreements. Work continues to review all opportunities to improve the year-end forecast position and take the next step to reduce the deficit to within 1% of the baseline allocation.

Not all sectors and directorates identified 50% of their savings target and as a result NHSGGC is still facing a significant financial challenge. It is extremely important that there is an improvement in the value of savings plans over the next month and that SRO's progress the overarching workstreams, combined with the agreed CMT actions to reduce the pressures.

The IJB's all have approved financial plans showing a break-even position, however are facing a number of pressures and high value of savings plans. Five of the 6 IJB's currently references a year end break-even position, although two are in financial recovery. East Renfrewshire are also in financial recovery and increased pressures are likely to impact on the ability to break-even at the year end, as was the case in the last financial year. Regular meetings are in place to monitor and review corrective actions and impact on any potential year-end adverse variance being forecast.

Conclusion

Conclusion

At the 31st October 2024 NHSGGC's financial ledger highlights an overspend of £40.01m of which £21.52m is attributed to unachieved savings and a pay and non-pay overspend of £18.49m. Acute is overspent by £22.22m and Corporate areas are underspent by £2.05m for pay and non-pay. Partnerships has a pay and non pay underspend of £1.67m.

The NHSGGC is still facing a number of pressures at Month 7 , however due to an improvement in run rate and additional funding the deficit has now been reduced to **£43m**. Every effort needs to be made to reduce these pressures going forward to ensure the forecast deficit of £43m is improved upon.

In terms of Sustainability and Value, £36.6m has been achieved on a full year recurring basis. On an in-year basis (recurring and non-recurring) £169.9m has been achieved. As at month 7 there are forecast pipeline savings of £177.7m against the £226.9m challenge, with £55.6m identified on a recurring basis against the £128.6m target. The pace of both delivery and identification of savings will have to increase rapidly over the final quarter to allow targets to be achieved.

Total capital expenditure incurred to 31st October 2024 is £19.4m, this amounts to 32% of the capital budget (of £61.2m) leaving a balance of £41.8m to be incurred to the 31st of March 2025. At month 7, £46.5m (76%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £0.4m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

We need to ensure that financial controls are adhered to, to maintain spend within budget and mitigate current pressures in order to address the financial challenge we are currently facing.

In summary, Members are asked to :

- i) Note the revenue position at month 7
- ii) Note the Month 7 position re additional information
- iii) Note the Month 7 position for Sustainability and Value and progress for 24/25
- iv) Note the capital position at Month 7; and
- v) Note the 2024/25 position.